

# **Adopted Budget 2013-14**

**Presented by:  
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Co-Chair  
Budget Advisory Committee**

**September 10, 2013**

Adopted Budget

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## State Budget Overview

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- No threat of mid-year trigger cuts.
- \$89.4 million (1.63%) in access/restoration funding.
  - \$1.3 million for LBCC.
- \$87.5 million (1.57%) COLA.
  - \$1.5 million for LBCC.
  - First COLA funded since the 2007-08 budget.
- Student fees remain at \$46 per unit.

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## State Budget Overview (continued)

- Categoricals increased \$88 million state-wide:
  - \$50 million for Student Success and Support Program (formerly Matriculation)
  - \$15 million for DSPS
  - \$15 million for EOPS
  - \$8 million for CalWORKs
- \$30 million for deferred maintenance and instructional equipment (one-time).

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## State Budget Overview

(continued)

- \$16.9 million approved for Online Education Initiative.
- \$47 million in Proposition 39 funding - allocated at the discretion of the Chancellor with guidance from the Energy Commission.
- Apportionment deferrals decreased \$28.7 million to \$592.5 million - \$11.4 million for LBCC.
- \$688.7 million in Education Protection Act (Proposition 30 Tax) revenue - \$13.5 million for LBCC.
- Redevelopment Agency Elimination - backfill promised by the Legislature. Timing continues to be in question.

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## Board Goals

1. Support the Student Success agenda:
  - Increased course offerings – 608 FTES (1,800 sections)
  - Augmented Basic Skills and Tutorial Budgets - \$305,000
  - 10 SLO (Student Learning Outcome) Officers - \$27,600
  - Adobe site license – provides full Adobe suite of products to all employees and students on campus - \$55,000
  - Learning & Brain Institute – Faculty professional development - \$4,150

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## Board Goals

(continued)

1. Support the Student Success agenda  
(continued):
  - Authorized 17 new faculty positions - \$864,500
    - Math Instructional Specialist and Cyber Security for Fall 2013
    - 2 English Composition (Generalist), 2 Math, 2 Reading, Biology (Generalist), DMI, Medical Assisting, Drafting-Mechanical Design, Spanish, Psychology, Anthropology, Exercise Science, and Librarian for Spring 2014
  - Technology refresh funding towards meeting Technology Plan - \$1 million



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## Board Goals

(continued)

### 1. Support the Student Success agenda

(continued):

- Authorized 15 classified positions - \$1,122,000
  - 3 Enrollment Specialists
  - 2 Financial Aid Advisors
  - 2 Financial Aid Specialists
  - 2 Business Systems Analysts II
  - Senior Multimedia Technician
  - Technical Support Specialist
  - 3 Custodians
  - Locksmith

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## Board Goals

1. Support the Student Success agenda  
(continued):
  - Implementing the Promise Pathways Program:
    - Paramount & Bellflower USDs added to the program.
    - Increased course offerings in English, Math, and Reading – 25 sections.
  - Expanding the Long Beach City College Promise:
    - 85<sup>th</sup> Gala raised over \$50,000 toward College Promise Scholarship funding.

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## Board Goals

(Continued)

2. Support the Career Technical Education Workforce Development and Economic Development agendas to strengthen the regional economy:
  - Created a SBDC Specialty Technology Center – LA Chamber of Commerce.
  - Received Truck Driver Training Grant - \$220,000
  - Third year of Goldman Sachs 10,000 Small Businesses Initiative
    - Cohort 8 completed in August 2013
    - Classes begin for Cohorts 9 & 10 - Fall 2013
  - Organizing a local economic development summit – Fall 2013

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## BAC Planning Assumption Highlights

- There will be budget redirections and potential reductions in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
  - Institutional Priority – improve rates of student success.
- FTES Target is 20,400 - Anticipated funding level at 19,858, leaving 542 unfunded (2.6%).
- A 1% deficit factor will be included to offset possible shortfall from apportionment revenues.

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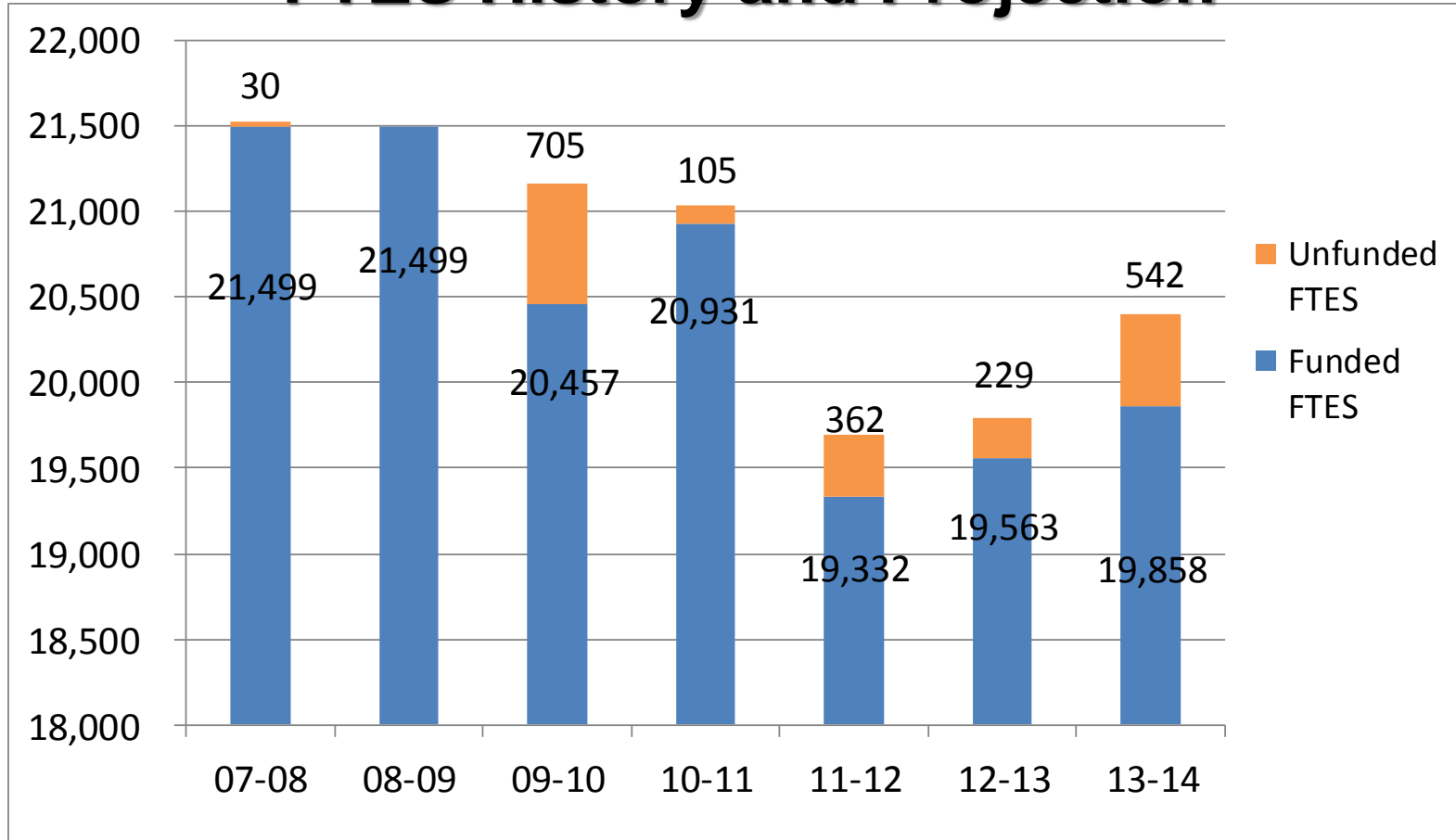
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## **BAC Planning Assumption Highlights** (Continued)

- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.
- Maintain a 5.5% unrestricted reserve for contingencies.
  - At the Board's request this has been reduced to 5% in order to provide for a 0.5% reserve for student support services.
- Load Banking and Vacation Liability Reserves – \$2.7 million.
- Benefit costs changes:
  - Health and welfare costs increased by 3.5%
  - PERS increased by 0.025%
  - Worker's compensation increased by 0.095%
  - SUI decreased by 1.05%

## FTES History and Projection



**Total**  
21,529

**Total**  
21,499

**Total**  
21,162

**Total**  
21,036

**Total**  
19,694

**Total**  
19,792

**Total**  
Budget  
20,400

## List of Funds – Expenditures & Other Outgo (in millions)

	Adopted Budget 2012-13	Unaudited Actual 2012-13	Adopted Budget 2013-14
Unrestricted General Fund	\$ 102.9	\$ 97.2	\$ 103.3
Restricted General Fund	19.0	18.0	19.1
Capital Projects Fund	1.6	1.2	1.3
Child & Adult Development Fund	1.4	1.5	1.5
Contract/Community Education Fund	1.0	0.7	1.1
General Obligation Bond Fund	456.5	198.3	220.3
Retiree Benefits Fund	2.4	2.1	2.6
Self-Insurance Fund	1.0	0.9	1.1
Student Financial Aid	75.9	52.3	64.2
Vet Stadium Operations	1.2	1.0	1.2
<b>Total</b>	<b>\$ 662.9</b>	<b>\$ 373.2</b>	<b>\$ 415.7</b>

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## Expenditure Reductions - \$3.1 Million

- Program discontinuance \$2,244,000
  - Faculty \$1,701,000 (15.00 FTE)
  - Classified \$355,000 (5.19 FTE)
  - Other (non-salary) \$188,000
- Reorganization savings \$297,000
  - Hourly counselors \$263,000
  - Management \$1,143,000 (5.25 FTE)
  - Classified (\$1,122,000) (+19.71 FTE)
  - Other (non-salary) \$13,000
- Hourly faculty account \$559,000



## Unrestricted General Fund Overall Summary

	Unaudited Actual 2012-13	Adopted Budget 2013-14	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$99,525,225	\$104,747,733	\$ 5,222,508
Expenditures and Other Outgo	97,185,439	103,253,929	6,068,490
Surplus/(Deficit)	2,339,786	1,493,804	(845,982)
Fund Balance	\$ 17,180,702	\$ 18,674,506	\$ 1,493,804

## Unrestricted General Fund Revenue Summary

	Unaudited Actual 2012-13	Adopted Budget 2013-14	Change Increase/ (Decrease)
Federal	\$ 124,454	\$ 128,000	\$ 3,546
Apportionment	92,434,045	97,479,624	5,045,579
Other State	3,132,647	3,678,363	545,716
Local	3,202,940	3,133,137	(69,803)
Other Sources	631,139	328,609	(302,530)
Total	\$99,525,225	\$104,747,733	\$ 5,222,508

## Major Revenue Changes in 2013-14

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- **Apportionment** - \$5.0 million increase is the net of:
  - \$2.6 million due to the reduction of the deficit factor from 3.7% to 1.0%.
  - \$1.3 million in increased access/restoration.
  - \$1.5 million in COLA.
  - (\$0.4) million decrease due to prior year apportionment recalc revenue in 2012-13 (deficit factor changed from 2.3% to 1.9%).
- **Other State Revenue** - \$0.5 million increase due mainly to a \$723,000 state audit reduction to prior year's mandated cost reimbursement.

## Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2012-13	Adopted Budget 2013-14	Change Increase/ (Decrease)
Academic Salaries	\$ 42,158,245	\$ 41,666,897	\$ (491,348)
Classified Salaries	21,587,780	23,077,405	1,489,625
Benefits	22,787,241	22,848,452	61,211
Supplies	624,727	722,500	97,773
Services	7,663,479	10,773,544	3,110,065
Capital Outlay	1,100,610	2,455,218	1,354,608
Other Outgo	1,263,357	1,709,913	446,556
Total	\$ 97,185,439	\$ 103,253,929	\$ 6,068,490

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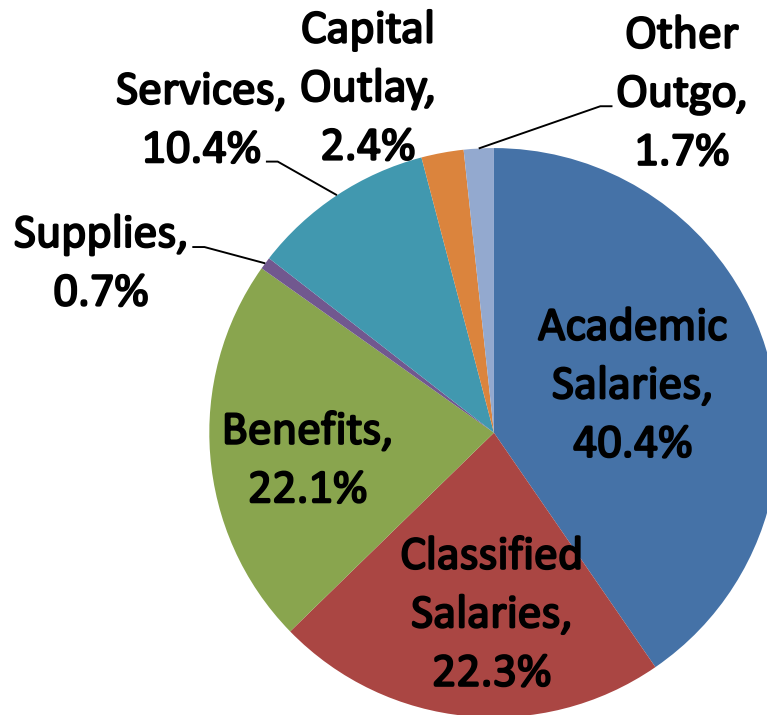
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## Major Expenditure Changes in 2013-14

- **Academic Salaries** – (\$0.5) million decrease is due to reductions in faculty due to program discontinuance, reorganization reductions, academic retirements, and management reductions with increases in adjunct faculty for FTES generation.
- **Classified Salaries** – \$1.5 million increase is the net increase of classified budgets resulting from the reorganization.
- **Contract Services and Operating Expenses** – \$3.1 million increase is primarily due to professional services, utilities, and election costs, which only occur every other year. \$450,000 is estimated for regular Trustee elections and \$1,300,000 is estimated for a potential recall election.
- **Capital Outlay** – \$1.4 million increase is mainly due to a one-time technology upgrade.

## Unrestricted General Fund Budgeted Expenditures 2013-14



**Salaries & Benefits 84.8%**

## Unrestricted General Fund Reserves

	Adopted Budget
Unassigned Reserves	
Board Mandated Reserve – 5.0%	\$ 5,162,696
Economic Uncertainties	6,829,580
Assigned Reserves	
Student Support Services – 0.5%	516,270
30 New Full-Time Faculty	3,412,500
Technology Master Plan	84,986
Vacation and Load Banking Reserve	2,668,474
Total	\$18,674,506

## Unrestricted General Fund 7-Year Trend Summary (in millions)

	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Actual	12-13 Unaudited Actual	13-14 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.2%	86.7%	87.7%	88.3%	89.0%	89.0%	84.8%
Surplus / (Deficit)	\$1.3	(\$0.1)	(\$1.2)	\$4.6	(\$3.3)	\$2.4	\$1.5
Ending Balance	\$14.9	\$14.7	\$13.5	\$18.1	\$14.8	\$17.2	\$18.7
Ending Balance as a % of Total Expenses & Other Outgo	13.3%	13.1%	12.4%	17.4%	14.2%	17.7%	18.1%



## Unrestricted General Fund Two-Year Projection

	Adopted Budget 2013-14	Projected 2014-15
Beginning Fund Balance	<u>\$ 17,180,702</u>	<u>\$ 18,674,506</u>
Prior Year Surplus/(Deficit)	2,339,786	1,493,804
Apportionment Changes	5,045,579	-0-
Other Revenue Changes	176,929	-0-
New Faculty – Net (17 in 13-14; 30 in 14-15)	(864,500)	(2,502,000)
Other Salary & Benefit Changes	(194,988)	(1,772,839)
Other Expense Changes	<u>(5,009,002)</u>	<u>2,708,299</u>
Net Surplus/(Deficit)	<u>1,493,804</u>	<u>(72,736)</u>
Ending Fund Balance	<u>\$ 18,674,506</u>	<u>\$ 18,601,770</u>

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## Future Budget Challenges

- **Full-Time Faculty Obligation Number (FON)**
  - FON requirement has been frozen since Fall 2008
  - If the Board of Governors lifts the freeze for Fall 2014, we estimate needing to hire 30 new full-time faculty
- **Proposition 30 revenues are temporary:**
  - Sales tax increase terminates at the end of 2016.
  - Income tax increase terminates at the end of 2018.
- **EPA and Redevelopment Backfills**
  - Related revenues are statutorily guaranteed, but timing and determination of gaps create delays and confusion.

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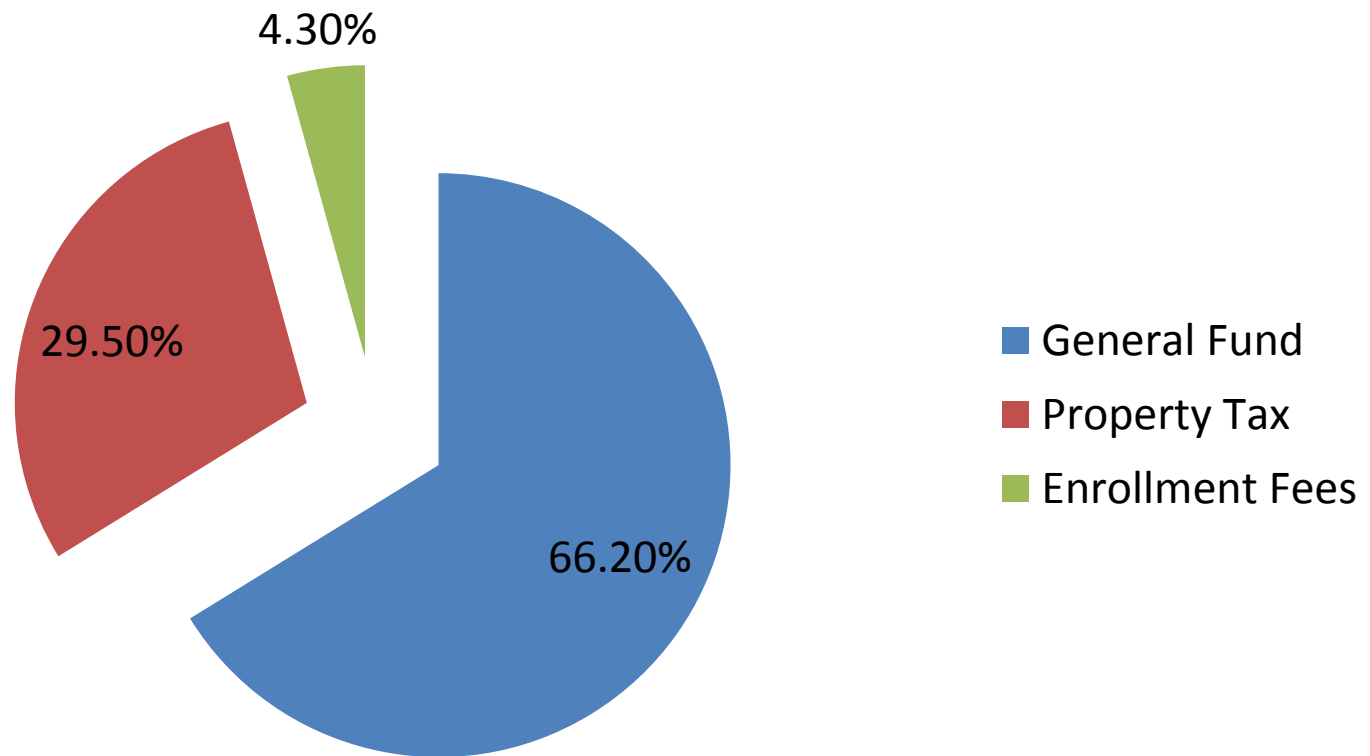
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# Future Budget Challenges

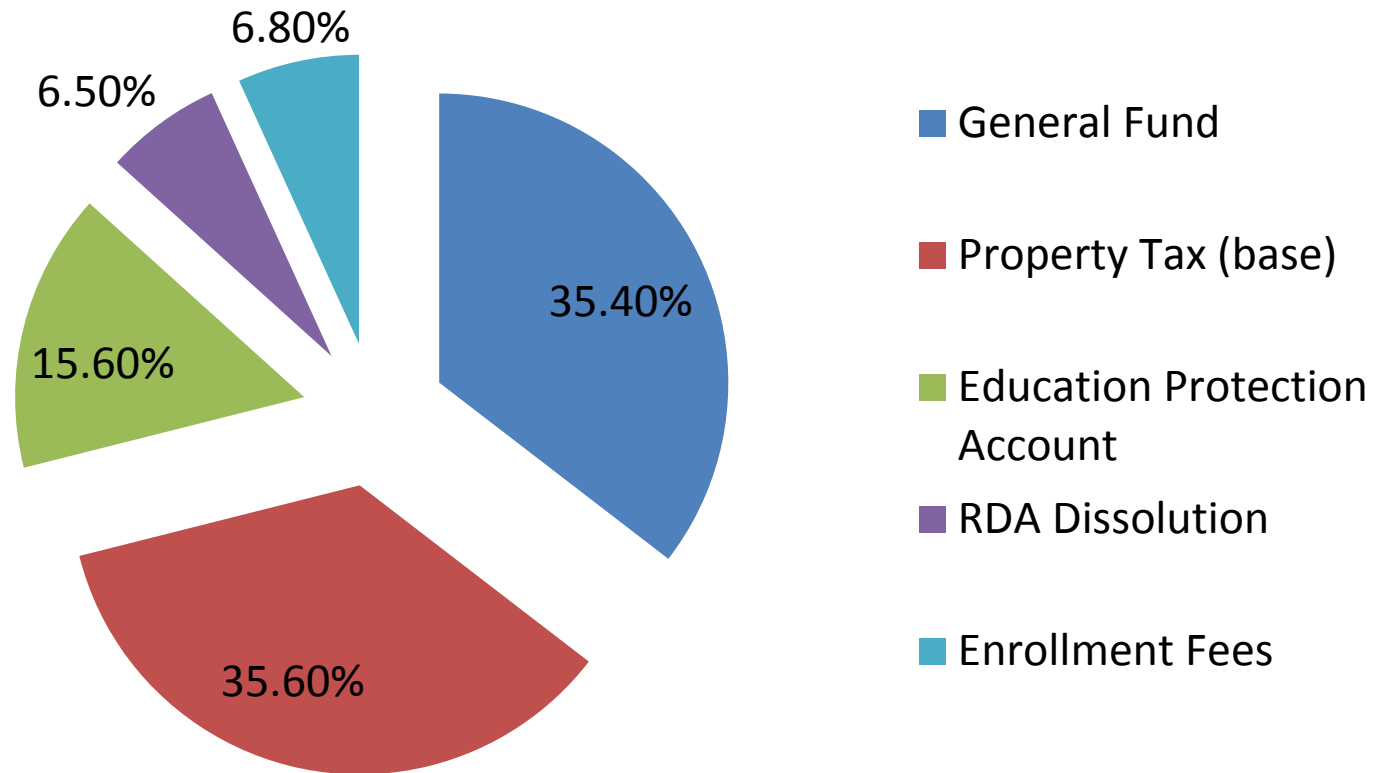
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- **Apportionment is getting more complicated:**
  - In 2008-09, about 2/3 of apportionment was general fund approved in the budget act.
  - Now, it's about 1/3.
  - So, 2/3 of the budget is based on estimates that may or may not hold up.
    - This means that we are more likely to have continued deficit factors applied each year.

# CCC Funding by Source in 2008-09



# CCC Funding by Source in 2012-13



Source: California Community Colleges Chancellor's Office Annual Statewide Budget Workshop 2013-2014

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# Questions?